



MONTANA RURAL DEVELOPMENT

Multi-Family Housing News

March 2006

FY2006 Notices of Funding Availability

The 2006 Notices of Funds Availability (NOFA's) for USDA-Rural Development's Multi-Family Housing Programs have been published in the Federal Register. Copies of all NOFA's may be obtained from the Federal Register website by accessing:

<http://www.access.gpo.gov/fr>

USDA-Rural Development has two new demonstration programs this year; the Voucher Program and the Section 515 MFH Preservation and Revitalization Restructuring Program (MPR).

Multi-Family Housing Preservation and Revitalization Restructuring (MPR) Demonstration Program

Published in the Federal Register on March 16, 2006, this Notice provides applicants information and guidance regarding this demonstration program.

The purpose of this program is to preserve and revitalize existing rural rental housing projects financed by USDA-Rural Development's section 515 program. The intent is to restructure existing 515 loans expressly for the purpose of ensuring that sufficient resources are available to preserve rental project(s) for the purpose of providing safe and affordable housing for very low- to low-income residents without displacing tenants because of increased rents.

The primary restructuring tool to be used in this program will be up to a 20-year debt deferral of the payment on 1% section 515 loans. Cash from the deferred payment will be re-directed to reserve account deposits to help meet the physical needs of the property. If there are sufficient funds to meet these

physical needs, other restructuring tools and resources may be utilized. These may include third party resources to include loans made through the Section 538 RRH Guarantee Program; revitalization grants up to \$5,000 per unit; section 515 subsequent loan(s) for repair/rehabilitation at 0% interest over a 30 year period, or a subsequent loan at traditional rates and terms; a soft mortgage may be available in very limited situations to address capital needs; transfers; subordinations, and consolidations may be approved as part of a MPR transaction.

The notice provides further guidance with regards to eligibility of properties for consideration, equal opportunity and non-discrimination requirements, application and submission information, the selection/scoring process, and funding restrictions.

Application submission and the scoring process is completed in two phases. The first phase is the application process whereby the applicant must submit a complete application no later than 30 days from the date of this Notice. The second phase will be completed by the Agency and based on Agency records to include point scoring and selection.

A complete application consists of a "MPR Application" for each transaction submitted for consideration. The MPR Application is the form attached to the end of the Notice. An electronic version of this form may also be obtained on the Internet at:

www.rurdev.usda.gov/rd/nofas/index.html

The application is stored in a .pdf format and may be completed as a fill-able form. The form contains a button labeled “Submit by Email.” Clicking on the button will result in an e-mail containing a completed application being sent to the MFH National Office for consideration.

“Paper” applications under this Notice are to be submitted to:

USDA Rural Housing Service
Attn: Carlton Jarratt, Senior Loan Specialist
...or, Byron Ross, Director
MFH Office of Rental Housing Preservation
STOP 0781 (Room 1263-S)
US Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250-0781

USDA Voucher Program

The United States Department of Agriculture is establishing a demonstration USDA Voucher Program to be administered by the US Department of Housing and Urban Development (HUD) pursuant to an Inter Agency Agreement (IAA) between the two departments and executed on March 1, 2006.

This notice informs the public that USDA, acting under an IAA with HUD, shall make up to \$16 Million available for this purpose. These vouchers are to be available to any low-income family (to include those not receiving rental assistance) residing in a property financed with Section 515 loan funds and which has been prepaid after September 30, 2005. The amount of the voucher shall be the difference between comparable market rent for a section 515 unit and the tenant paid rent for such unit. Voucher funding is subject to the availability of annual appropriations.

The basic structure of the voucher program is the same as the Housing Choice Voucher Program. USDA vouchers under

this notice are administered in accordance with the Housing Choice Voucher Program regulations set forth at 24 CFR Part 982, whereby HUD pays monthly rental subsidies so eligible families can afford decent, safe, and sanitary housing.

This program will generally be administered by state or local governmental entities known as Public Housing Agencies (PHA’s). If the PHA approves a family’s unit and tenancy, the PHA contracts with the owner to make rental subsidy payments directly to the owner on behalf of the family on a monthly basis.

The NOFA outlines the background and procedures to be followed in administering the voucher program to include family eligibility, lease terms, inspection of units and unit approval, subsidy calculations, and mobility and portability of USDA Vouchers. The NOFA also details the funding process for USDA Vouchers and providing allocations of vouchers to PHA’s to prevent the displacement of eligible low-income families who are impacted by a Section 515 owner’s decision to prepay their indebtedness to USDA-Rural Development and convert the property to market-rate housing.

USDA-Rural Development is responsible for informing tenants of the affected property of the prepayment and that the tenant may be eligible for USDA voucher assistance as a result. The Director of the Office of Public Housing in the HUD field office will determine the appropriate PHA to administer the USDA voucher assistance and will invite the PHA to administer the USDA vouchers. If there is no PHA able or willing to administer the USDA vouchers, USDA will administer the voucher assistance directly.

Preservation Revolving Loan Fund (PRLF)

Funding is available this year for eligible non-profit organizations and State and local housing finance agencies, to carry out a housing demonstration program to provide revolving loans for the preservation and revitalization of low-income multi-family housing.

Housing assisted through this program must be financed by USDA-Rural Development through its multi-family housing loan program under Section 515 of the Housing Act of 1949. This demonstration program will be achieved through loans made to intermediaries that establish programs for the purpose of providing loans to ultimate recipients for the preservation and revitalization of Section 515 Multi-Family Housing as affordable housing.

Loans made to the PRLF intermediary under this demonstration program may not exceed \$2,125,000 and may be limited by geographic area so that multiple loan recipients are not providing similar services to the same service areas.

The deadline for receipt of all applications in response to this NOFA is 5:00 PM EST, on June 19, 2006. Applications are to be submitted to:

USDA-Rural Housing Service
ATTN: Henry Searcy, Jr.,
...or, Bonnie Edwards-Jackson
Senior Loan Specialist(s)
Multi-Family Housing Division
STOP 0781 (Room 1239-S)
U.S. Department of Agriculture
USDA-Rural Development
1400 Independence Avenue SW
Washington, DC 20250-0781

The application closing deadline is firm as to date and hour; acceptance by a post office

or private mailer does not constitute delivery. Facsimile (FAX), COD, and postage due applications will not be accepted.

The NOFA provides guidance with regard to equal opportunity and non-discrimination requirements; award information; eligibility information; application and submission information and the application review process and criteria.

If you have any questions regarding this NOFA, you may contact Henry Searcy or Bonnie Edwards at (202) 720-1753 or (202) 690-0759.

Section 515 Rural Rental Housing Program (New Construction)

Section 515 of the Housing Act of 1949 provides Rural Housing Service with the authority to make loans to any individual, corporation, association, trust, Indian tribe, public or private non-profit organization, consumer cooperative, or partnership to provide rental or cooperative housing and related facilities in rural areas for very low-, low-, or moderate-income persons or families, including elderly persons and persons with disabilities. Rental assistance is a tenant subsidy for eligible households residing in USDA-Rural Development financed properties, and when available, may be requested with applications for such facilities.

The total amount of funding available in FY2006 for the Section 515 program is \$99,000,000 of which \$25,740,000 is available for new construction as follows:

Section 515 New Construction

Funds.....	\$8,562,510
Set-Aside for Nonprofits.....	\$8,910,000

Set-Aside for Underserved
Counties and Colonias.....\$4,950,000
Earmark for EZ, EC, and
REAP Zones.....\$2,327,490
State Rental Assistance (RA)
Designated reserve..... \$ 999,000

Section 515 New Construction funds will be distributed to States based on a National competition. Individual states will accept, review, score and rank requests in accordance with 7 CFR 3560.56. States will make their recommendations to the National Office for Rural Housing Service. The National Office will then rank all requests nationwide and distribute funds to states in rank order, within funding limits. Loan requests may not exceed \$1 million. This applies to regular section 515 funds and set-aside funds. The scoring and ranking criteria includes the presence and extent of leveraged assistance for the units being proposed.

The NOFA further describes the scoring and ranking criteria which will be applied to all applications received. For FY2006, new construction rental assistance (RA) will not be available, except if matched by State RA. Therefore, the Agency is inviting applications to develop units in markets that do not require RA.

All applications for section 515 new construction funds must be filed with the appropriate Rural Development State Office and must meet the requirements of 7 CFR 3560.56, as well as comply with the provisions of Section V of the NOFA. Applications must be received no later than 5:00 PM, Mountain Standard Time, May 19, 2006, at the following address:

USDA-Rural Development
Multi-Family Housing Centralized Servicing
Section
PO Box 850
Bozeman MT 59771
...or
900 Technology Boulevard, Suite B
Bozeman, MT 59715

The Agency will not consider any application that is received after the closing deadline. Applicants intending to mail applications must provide sufficient time to permit delivery on or before the closing deadline date and time. Acceptance by the United States Postal Service or private mailer does not constitute delivery. Facsimile (FAX), COD, and postage due applications will not be accepted.

Section 538 Rural Rental Housing Guarantee

The Notice for Requests for Proposals for Guaranteed Loans under the Section 538 Guaranteed Rural Rental Housing Program for FY2006 was published in the Federal Register on January 27, 2006.

FY2006 funding for the section 538 program is \$99 million. Eligible lenders are invited to submit responses for the development or acquisition with rehabilitation of affordable rental housing to serve rural America. Responses are to be submitted to the Rural Housing Program Director at the State Office address cited above. RHS will review and score all responses received through June 16, 2006. Those responses that are selected will be requested to submit a complete application. Complete applications that meet application and Federal environmental requirements will receive commitments to the extent an appropriation act provides funding for GRRHP for FY2006 until all funds are expended.

In addition for this fiscal year, guarantees will be available for the revitalization, repair, and transfer cost of existing direct section 515 housing. In order to be considered, direct section 515 housing projects must need repairs

and/or undergo revitalization of a minimum of \$6,500 per unit.

This Notice provides lender's and applicants with further information regarding response requirements, scoring and priority ranking requirements, deadlines, construction lender requirements, and general program information.

Section 533 Housing Preservation Grant

The Housing Preservation Grant (HPG) program is a grant program which provides qualified public agencies, private nonprofit organizations, and other eligible entities grant funds to assist very low- and low-income homeowners in repairing and rehabilitating their homes in rural areas. In addition, the HPG program may assist rental property owners and cooperative housing complexes in repairing and rehabilitating units if they agree to make such units available to low- and very low-income persons.

For FY2006, \$10,497,716 is available for the HPG program. This includes \$597,716 in carryover funds. An earmark of \$594,000 has been established for grants located in Empowerment Zones, Enterprise Communities, and REAP Zones. Other funds will be distributed under a formula allocation to States pursuant to 7 CFR part 1940, Subpart L. Montana's state allocation based upon this formula is \$65,086. No one grantee may receive more than 50% of this allocation.

The NOFA further provides eligibility information, areas of special emphasis or consideration, and application submission information requirements, as well as application review information.

The closing deadline date for receipt of all applications in response to this Notice is 5:00 PM, Mountain Standard Time, May 19,

2006, at the State Office address cited above. Applications received after this deadline date will not be considered. Applicants intending to mail applications must provide sufficient time to permit delivery on or before the closing deadline date and time. Acceptance by the United States Postal Service or private mailer does not constitute delivery. Facsimile (FAX), COD, and postage due applications will not be accepted.

Section 514/516 Loan/Grant Program for Off-Farm Labor Housing

USDA-Rural Development's Farm Labor Housing program provides for Section 514 loans, and Section 516 grants for the construction of new off-farm FLH units and related facilities for domestic farm laborers. Applications may also include requests for section 521 rental assistance (RA), and operating assistance for migrant units.

The pre-application period for the Section 514/516 Loan/Grant program will close at 5:00 PM, Mountain Standard Time, on May 19, 2006. Pre-applications must be received in the State Office for USDA-Rural Development. Pre-applications received after the closing date and time will not be considered.

Because RHS has the ability to adjust loan and grant levels, final loan and grant levels will fluctuate. Estimated funds available for FY2006 for off-farm housing are:

Section 514 (loan)....\$31,937,082
Section 516 (grant)...\$10,491,000

Individual loan requests may not exceed \$3 million (total loan and grant). If RA is available, it will be held in the National Office and will be awarded

based on each project's financial structure and need. Section 516 Off-Farm grants may not exceed 90% of the total development cost of the housing.

Upon acceptance of pre-applications that meet the requirements of this Notice, the applicant will be expected to submit a complete, formal application. This Notice further outlines the applicant's requirements in submitting their pre-application, and the Agency's application review process.

Pre-applications received after the deadline date will not be considered. Applicants intending to mail applications must provide sufficient time to permit delivery on or before the closing deadline date and time. Acceptance by the United States Postal Service or private mailer does not constitute delivery. Facsimile (FAX), COD, and postage due applications will not be accepted.

There is no NOFA for On-Farm Labor Housing. Applications may be accepted at any time and will be processed in order of date/time received of a complete application, and funding availability.

More Information

In addition to the Federal Register website, copies of all Notices may be obtained from our Montana state website at

www.rurdev.usda.gov/mt.

(Click on the link for Housing and Community Facilities, then click on Multi-Family Housing. The link for all Notices is under "Available Funds.")

Copies of all USDA Rural Development regulations and affiliated forms used to apply for funding may be obtained from the National website at:

www.rurdev.usda.gov/regs

- 7 CFR 3560 (Handbook 1 and 2) pertains to loan origination and administration of the Section 515 Rural

Rental Housing program for new construction, and the Section 514/516 Farm Labor Housing loan and grant program.

- 7 CFR 3565, and associated Handbook provides guidance in the Guaranteed Rural Rental Housing Section 538 Program.
- RD Instruction 1944-N provides further guidance in the Section 533 Housing Preservation Grant program.

If you have any questions, or you are in need of additional information, please contact the Servicing Office in your area.

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